UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 9356 / August 31, 2012

SECURITIES EXCHANGE ACT OF 1934
Release No. 67769 / August 31, 2012

INVESTMENT ADVISERS ACT OF 1940
Release No. 3453 / August 31, 2012

INVESTMENT COMPANY ACT OF 1940
Release No. 30190 / August 31, 2012

ADMINISTRATIVE PROCEEDING
File No. 3-15003

In the Matter of **DANIEL BOGAR, BERNERD E. YOUNG, and JASON T. GREEN** **Respondents.**	**ORDER INSTITUTING ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTION 8A OF THE SECURITIES ACT OF 1933, SECTIONS 15(b) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934, SECTIONS 203(f) AND 203(k) OF THE INVESTMENT ADVISERS ACT OF 1940, AND SECTION 9(b) OF THE INVESTMENT COMPANY ACT OF 1940**

I.

The Securities and Exchange Commission ("Commission") deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 8A of the Securities Act of 1933 ("Securities Act"), Sections 15(b) and 21C of the Securities Exchange Act of 1934 ("Exchange Act"), Sections 203(f) and 203(k) of the Investment Advisers Act of 1940 ("Advisers Act"), and Section 9(b) of the Investment Company Act of 1940 ("Investment Company Act") against Daniel Bogar ("Bogar"), Bernerd E. Young ("Young"), and Jason T. Green ("Green")(collectively, the "Respondents").

II.

After an investigation, the Division of Enforcement alleges that:

Respondents

1. Between March 2005 and February 2009, Bogar (CRD #4819578) was President of: (i) Stanford Group Company ("SGC"), a Houston-based broker-dealer and investment adviser registered with the Commission, and (ii) Stanford Group Holdings ("SGH"), SGC's parent company. From 2000 to 2005, Bogar oversaw SGC's merchant banking group, managing the private equity investments of Stanford International Bank Ltd.'s ("SIB") investment portfolio. Bogar is 53 years old, unemployed, and lives in Fort Lauderdale, Florida. Bogar holds Series 7, 24, and 66 licenses.

2. Between July 2006 and February 2009, Young (CRD #1109172) was Managing Director of Compliance and Chief Compliance Officer ("CCO") of SGC and SGH. From January 1984 to May 2003, Young worked for the National Association of Securities Dealers, now known as the Financial Industry Regulatory Authority ("FINRA"), most recently as the District Director of its Dallas office. Since terminating his association with SGC, Young has been the Chief Executive Officer of a securities-consulting company based in The Woodlands, Texas, which advises regulated entities about compliance with the federal securities laws. Young is 53 years old and lives in Fullshear, Texas.

3. Between February 1996 and February 2009, Green (CRD #2066514) was employed by SGC. Within SGC, Green served as: Senior Vice President, Financial Planning (February 1996 to April 2001); Senior Managing Director (April 2001 to January 2007); and President, Private Client Group, reporting to Bogar (January 2007 to February 2009). Green is 49 years old, unemployed, and lives in Baton Rouge, Louisiana. Green holds Series 4, 7, 24, 53, 63, and 65 licenses.

Other Relevant Entities

4. SGC is a Houston-based corporation that has been dually registered with the Commission as a broker-dealer and investment adviser since October 1995. SGC was a wholly-owned subsidiary of SGH, which was owned and controlled by Robert Allen Stanford ("Allen Stanford"). SGC and SGH are currently in receivership.

5. SIB is a private international bank organized under the laws of Antigua and Barbuda. SIB was owned and controlled by Allen Stanford. By 2008, SIB claimed to serve as many as 30,000 clients in 130 countries and to have approximately $7.2 billion in deposits and $8 billion in assets. SGC's business included sales of certificates of deposit issued by SIB (the "SIB CDs"). SIB is currently in receivership.

Facts

Background

6. Since at least 1990, SIB promoted itself as an international bank that provided private banking services. SIB was not a commercial bank and did not engage in traditional banking activities. It operated for the sole purpose of selling its self-styled CDs.

7. Beginning in 1998, SIB offered and sold its CDs to U.S. investors exclusively through its affiliate SGC and its associated financial advisers ("FAs"), pursuant to Regulation D of the Securities Act of 1933. SIB and SGC used a disclosure statement and a sales brochure (collectively the "offering documents") to facilitate the offer and sale of SIB CDs in the U.S. SIB prepared the offering documents; however, in 2007, Young modified the offering documents in an effort to comply with FINRA's advertising standards, and began affixing SGC's name to the sales brochure.

8. SGC FAs recommended and sold the CDs to brokerage customers and, in other instances, recommended the SIB CDs to advisory clients as either: (i) a component of recommended portfolio allocations, or (ii) an embedded part of a proprietary advisory product.[1] SGC clients frequently liquidated existing securities holdings in order to purchase the SIB CDs that were recommended to them by SGC FAs.

9. SIB and SGC emphasized a number of features that purportedly made the SIB CDs safe and secure for investors. SIB and SGC represented that investor funds would be pooled and invested in a well-diversified portfolio of highly marketable and liquid securities issued by stable governments, strong multi-national companies, and major international banks, and managed by an international network of experienced money managers following a conservative investment philosophy; that SIB maintained a "comprehensive insurance program," including "excess FDIC" coverage and other policies issued by Lloyd's of London, that provided "depositor security;" and that the returns generated from SIB's investment portfolio would be used to pay the promised yields.

10. In reality, SIB was an elaborate Ponzi scheme run by its sole shareholder, Allen Stanford, and a handful of his closest confidants. The advertised returns of SIB's underlying investment portfolio were fabricated at Allen Stanford's direction. SIB's investment portfolio consisted largely of illiquid private equity investments in obscure companies, massive real estate holdings in Antigua and the Caribbean, and undisclosed loans to Allen Stanford. SIB also used investor funds to make Ponzi payments to investors and to finance the operations of other Stanford affiliates, including SGC. Additionally, SIB had no insurance that protected CD investors.

11. On February 17, 2009, the Commission filed a complaint against SIB, SGC, Allen Stanford, and others, alleging that the defendants engaged in an $8 billion fraudulent scheme that was principally funded by sales of the SIB CD.

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[1] As a general matter, SGC never made any distinction between advisory and brokerage products or services.

12. On June 18, 2009, criminal fraud charges were filed against Allen Stanford, James Davis ("Davis") (Chief Financial Officer of Stanford Financial Group), and others, for their roles in the alleged scheme. On August 29, 2009, Davis entered a plea agreement in which he acknowledged that "approximately 80% of SIB's investment portfolio was made up of illiquid investments, including grossly overvalued real and personal property that SIB had acquired from Stanford-controlled entities at falsely inflated prices." Further, Davis acknowledged that at least $2 billion "of undisclosed, unsecured personal loans from SIB to Stanford were concealed and disguised in SIB's financial statements as 'investments.'" On March 6, 2012, a jury convicted Allen Stanford of numerous criminal charges for his role in the fraud. On June 14, 2012, Allen Stanford was sentenced to 110 years in prison.

The Respondents Mandated the Use of Misleading and Incomplete Offering Documents

13. Bogar, Young and Green took several trips to Antigua to investigate and perform due diligence on SIB. In connection with these trips, the Respondents reviewed SIB's annual reports, quarterly market recap reports, and the offering documents used by SGC to market SIB's CDs to U.S. investors. The Respondents also toured SIB's facilities and participated in meetings chaired by SIB executives. During these meetings, bank officials showed the Respondents PowerPoint presentations about the history of Antigua, general operations of the bank, the Antiguan regulatory process, and the investment parameters that SIB purportedly used to manage its portfolio.

14. Through the due diligence process and otherwise during the course of their employment with SGC, the Respondents knew that SIB and SGC made certain representations about key components of the CD program in the offering documents:

(a) SIB and SGC represented that "liquidity" was a key feature of SIB's investment portfolio: "We focus on maintaining the highest degree of liquidity as a protective factor for our depositors. The Bank's assets are invested in a well-diversified portfolio of highly marketable securities issued by stable governments, strong multinational companies and major international banks." Further, SIB claimed that it had averaged double-digit returns on its investments for more than 15 years;

(b) SIB and SGC represented that SIB maintained a "comprehensive insurance program" that provided "depositor security";

(c) SIB and SGC represented that SIB paid SGC a 3% fee for marketing the CDs to potential investors;

(d) SIB and SGC represented that SIB had entered into certain "affiliate transactions" with SGC; and

(e) SIB and SGC represented that SIB had audited financial statements prepared by C.A.S. Hewlett & Co.

15. Young and Green spearheaded SGC's mandatory training program to reinforce the key components of SIB's CD program. In connection with the training program, Green and Young distributed a Training Manual that provided a guide for promoting the SIB CD to U.S. investors. Green and Young required SGC FAs to use the offering documents in connection with the offer and sale of SIB CDs to U.S. investors.

16. Among other things, the training manual emphasized the importance of liquidity as a safety and security feature of the SIB CD. For example, the training manual claimed that liquidity was "an excellent security factor" because, as SIB claimed, its liquid assets exceeded its liabilities.

17. Additionally, the training manual claimed that FDIC insurance "provide[d] relatively weak protection" in comparison to SIB's "comprehensive insurance program," which included policies issued by Lloyds of London. To secure the policies, SIB claimed it was subject to an extensive risk management analysis to determine whether reasonable care was routinely exercised to protect its assets. The training manual boasted that SIB was "probably the only offshore bank in the world with this type of coverage."

18. As a result of their investigation of SIB and the CD program:

(a) The Respondents knew that SIB refused to allow SGC to review and confirm SIB's investment portfolio, including its historical performance and advertised liquidity. The Respondents, however, failed to require SGC to disclose that SGC was unable to confirm SIB's representations about the investment portfolio underlying the SIB CD, including portfolio performance and liquidity;

(b) The Respondents knew that SIB did not maintain any private insurance that protected depositors. And Young knew or was reckless in not knowing that SIB was not subject to an extensive risk management analysis;

(c) Bogar and Young knew or were reckless in not knowing that SIB paid SGC at least six times the stated referral fee, and that SIB and SGC failed to disclose that: (i) SGC managed SIB's private equity investments; and (ii) SGC-associated analysts managed and monitored a portion of SIB's equity portfolio and produced research reports, including asset allocation adjustments, on behalf of SIB. As Bogar and Young were aware, these undisclosed affiliated transactions generated significant revenue for SGC, which also was not disclosed to SGC's customers who invested in SIB CDs; and

(d) The Respondents knew that SGC FAs had long-standing concerns about SIB's little-known Antiguan auditor and that the FAs repeatedly requested that SIB engage a more reputable audit firm.

19. Nonetheless, Bogar and Young reviewed and approved the offering documents and training material for use by SGC in marketing the SIB CD to U.S. investors. And Young and Green, through the mandatory training program, armed SGC FAs with misleading information that Young and Green knew would reach U.S. investors.

The Respondents Incentivized SGC FA's to Push SIB's CDs

20. In or around 2003, Allen Stanford demanded that SGC raise money for SIB through the sale of CDs. As part of this effort, Allen Stanford instituted international sales contests designed exclusively to grow SIB CD sales. The SGC team—the "Superstars"—competed against international teams with names such as "Money Machine" and "Deal Hunters." Allen Stanford appointed Green the "Captain" of the Superstars. Sales by individual FAs and by teams were tracked using a spreadsheet called the "Scorecard" or the "Hustle Sheet," which was distributed by Green throughout SGC on a regular basis. Bogar and Young regularly received these spreadsheets that tracked total CD sales. SGC did not offer sales contests that encouraged or incentivized the sales of any other products.

21. Additionally, as part of SGC's mandatory CD training program, Green developed, and Young approved, a model that authorized SGC FAs to allocate a significant portion of their clients' portfolio (as much as 50% for conservative, income investors) to the SIB CD.

22. SIB provided SGC and its FAs significant financial incentives to sell the SIB CDs. SGC FAs who sold the SIB CD received: (i) one percent upon the sale, (ii) a trailing commission of one percent for each year of the CD's term, and (iii) additional quarterly bonuses based on the total volume of SIB CDs sold. By February 2008, an outside consultant advised SGC executives, including the Respondents, that SGC's compensation program was above market and resulted in "distorted" focus on the sale of the SIB CD.

23. The sales contests, model allocations and commission structure accomplished the intended effect: sales of SIB CDs grew each year from 2005 through 2008. Sales by SGC FAs accounted for 44% of worldwide SIB CD sales in 2007 and 48% in 2008.

24. The Respondents also received significant compensation, largely as a result of SIB's success in growing its revenues through SIB CD sales. Bogar earned approximately $4 million during his tenure as SGC President. Young earned approximately $1 million during his tenure as SGC CCO. Green earned over $7 million—including $3 million in bonuses for meeting targeted SIB CD sales goals as part of the sales contests and $761,375 in SIB CD commissions.

SGC Was Financially Dependent on SIB

25. SGC depended on the revenues it derived from sales of SIB CDs, managing portions of its portfolio, and annual capital contributions from Allen Stanford. From 2004 to 2008, SGC received: (i) approximately $360 million from SIB in connection with the sale of SIB CDs; and (ii) more than $93 million for managing SIB's undisclosed private equity investments and for preparing its quarterly research reports. In total, almost 58% of SGC total revenues during this time derived from its relationship with SIB.

26. But even this revenue was not sufficient to sustain SGC—it received additional contributions of $175 million from Allen Stanford to maintain its operations. Other than

suggesting that SGC only received a one-time 3% fee for selling the SIB CDs, neither SGC nor SIB disclosed SGC's financial dependence on SIB and Allen Stanford:

Year to Date	Total Revenue	SIB CD Sales	Private Equity Agreement	Research Fees	% of Revenue	SGC Net Income/(Loss)	Capital Contributions
12/31/2004	65,434,199	42,925,466	3,957,439		71.65%	(3,628,184)	10,000,000
12/31/2005	97,775,729	56,786,492	5,420,170		63.62%	(19,866,431)	21,000,000
12/31/2006	171,477,685	88,116,507	7,368,181	16,000,000	65.01%	(20,509,297)	51,500,000
12/31/2007	204,435,328	77,786,218	8,200,633	17,000,000	50.38%	(27,384,103)	41,750,000
12/31/2008	245,804,348	94,523,080	13,738,259	21,600,000	52.83%	(22,752,483)	51,000,000
Total	**784,927,289**	**360,137,763**	**38,684,682**	**54,600,000**	**57.77%**	**(94,140,498)**	**175,250,000**

27. SGC failed to disclose the extent of its financial relationship with SIB and, with respect to advisory clients, the conflicts of interest attendant to its relationship with SIB.

Green Made and Used Misleading Statements Regarding the Safety and Security of the SIB CD

28. Green sold millions of dollars of SIB CDs in his capacity as an FA. Green used the misleading offering documents when marketing the SIB CD to U.S. investors. Green knew or was reckless in not knowing that the offering documents contained misleading or incomplete statements regarding SIB's insurance coverage and regarding the safety and liquidity of SIB's investment portfolio.

29. In addition, Green made oral misrepresentations about the safety of the SIB CD, the diversity and liquidity of SIB's underlying investment portfolio, and insurance. For example, Green:

(a) told a Louisiana investor who was looking for a risk-free investment that the SIB CDs were "as safe as U.S. treasuries";

(b) told a Louisiana retiree that the SIB CDs were "insured by Lloyd's of London";

(c) told a Louisiana investor who was concerned solely with capital preservation that SIB was safer than U.S. banks and that the purported insurance program protecting the SIB CDs was stronger than FDIC coverage.

Violations

30. As a result of the conduct described above, the Respondents willfully violated Section 17(a) of the Securities Act, which prohibits, directly or indirectly, employing any device, scheme, or artifice to defraud, obtaining money or property by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made not misleading, in the offer or sale of securities, or engaging in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser, in the offer or sale of any securities.

31. As a result of the conduct described above, the Respondents willfully violated and/or willfully aided and abetted and caused SIB's and SGC's violations of Section 10(b) of the Exchange Act and Rules 10b-5 thereunder, which prohibits, directly or indirectly, employing any device, scheme, or artifice to defraud, the making of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made not misleading, or engaging in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person, in connection with the purchase or sale of securities.

32. As a result of the conduct described above, the Respondents willfully aided and abetted and caused SGC's violations of Section 15(c)(1) of the Exchange Act, which prohibits a broker-dealer from using the mails or any means or instrumentality of interstate commerce to induce the purchase or sale of any security by means of any manipulative, deceptive, or other fraudulent device or contrivance.

33. As a result of the conduct described above, the Respondents willfully aided and abetted and caused SGC's violations of Sections 206(1) and (2) of the Advisers Act, which make it unlawful for an adviser to employ any device, scheme, or artifice to defraud any client or to engage in any transaction, practice, or course of business that operates as a fraud or deceit upon any client.

III.

In view of the allegations made by the Division of Enforcement, the Commission deems it necessary and appropriate in the public interest that public administrative and cease-and-desist proceedings be instituted to determine:

A. Whether the allegations set forth in Section II are true and, in connection therewith, to afford the Respondents an opportunity to establish any defenses to such allegations;

B. What, if any, remedial action is appropriate in the public interest against the Respondents pursuant to Section 15(b) of the Exchange Act including, but not limited to, disgorgement and civil penalties pursuant to Section 21B of the Exchange Act;

C. What, if any, remedial action is appropriate in the public interest against the Respondents pursuant to Section 203(f) of the Advisers Act including, but not limited to, disgorgement and civil penalties pursuant to Sections 203(i) and 203(j) of the Advisers Act;

D. What, if any, remedial action is appropriate in the public interest against the Respondents pursuant to Section 9(b) of the Investment Company Act including, but not limited to, disgorgement and civil penalties pursuant to Section 9(d) of the Investment Company Act; and

E. Whether, pursuant to Section 8A of the Securities Act, Section 21C of the Exchange Act, and Section 203(k) of the Advisers Act, the Respondents should be ordered to cease and desist from committing or causing violations of and any future violations of Section 17(a) of the Securities Act, Sections 10(b) and 15(c)(1) of the Exchange Act and Rule 10b-5 thereunder, and Sections 206(1) and 206(2) of the Advisers Act; whether the Respondents should be ordered to pay

disgorgement pursuant to Section 8A(e) of the Securities Act, Sections 21B(e) and 21C(e) of the Exchange Act, Section 203 of the Advisers Act, and Section 9 of the Investment Company Act, and whether the Respondents should be ordered to pay a civil penalty pursuant to Section 8A(g) of the Securities Act, and Section 21B(a) of the Exchange Act, and Section 203(i) of the Advisers Act.

IV.

IT IS ORDERED that a public hearing for the purpose of taking evidence on the questions set forth in Section III hereof shall be convened not earlier than 30 days and not later than 60 days from service of this Order at a time and place to be fixed, and before an Administrative Law Judge to be designated by further order as provided by Rule 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110.

IT IS FURTHER ORDERED that the Respondents shall file an Answer to the allegations contained in this Order within twenty (20) days after service of this Order, as provided by Rule 220 of the Commission's Rules of Practice, 17 C.F.R. § 201.220.

If the Respondents fail to file the directed answer, or fail to appear at a hearing after being duly notified, the Respondents may be deemed in default and the proceedings may be determined against them upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 220(f), 221(f) and 310 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.155(a), 201.220(f), 201.221(f) and 201.310.

This Order shall be served forthwith upon the Respondents personally or by certified mail.

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 300 days from the date of service of this Order, pursuant to Rule 360(a)(2) of the Commission’s Rules of Practice.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision of this matter, except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not “rule making” within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

By the Commission.

Elizabeth M. Murphy
Secretary